



Department of Justice

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**TOKAI CARBON CO. LTD TO PLEAD GUILTY AND PAY
FINE FOR ROLE IN GRAPHITE ELECTRODE CONSPIRACY**

WASHINGTON, D.C. -- The Department of Justice today charged a Japanese company with participating in an international cartel to fix the price and allocate the volume of graphite electrodes sold in the United States and elsewhere. The company has agreed to plead guilty and pay a fine of \$6 million for their role in the conspiracy.

The one-count Information, filed in U.S. District Court in Philadelphia, Pennsylvania, charges Tokai Carbon Co. Ltd. with violating the Sherman Antitrust Act. According to the charges, Tokai participated in a conspiracy to suppress and eliminate competition in the graphite electrodes industry from at least as early as July 1992 and continuing until at least June 1997.

This is the third case resulting from the Justice Department's ongoing criminal investigation into anticompetitive practices in the graphite electrode industry. UCAR International Inc., of Danbury, Connecticut, and Showa Denko Carbon Inc., a United States subsidiary of the Japanese firm Showa Financing KK, have already pled guilty to similar charges and are paying fines of \$110 million and \$32.5 million, respectively.

"In today's global economy, international cartels increasingly victimize businesses and consumers," said Joel I. Klein, Assistant Attorney General for Antitrust. "Uncovering international cartels that harm Americans and vigorously prosecuting the individuals and corporations responsible for causing that harm is the Antitrust Division's top priority in criminal

enforcement. This case demonstrates the resolve of antitrust enforcers to prosecute all members of the international cartel that substantially increased prices of graphite electrodes in the United States and around the world.”

The Carbide/Graphite Group, of Pittsburgh, Pennsylvania, another producer of graphite electrodes, earlier announced that it has been accepted into the Antitrust Division’s Corporate Leniency Program. Under the Leniency Program, a company may qualify for protection from criminal prosecution if it voluntarily reports its involvement in a crime and satisfies certain other criteria. Carbide/Graphite, UCAR, Showa Denko, and now Tokai have all agreed to cooperate in the ongoing investigation.

Graphite electrodes are large columns used in electric arc furnaces in steel making “mini-mills” to generate the intense heat necessary to melt and further refine steel. Nine electrodes, joined in columns of three, are used in the typical electric arc furnace to melt scrap steel. Because of the intensity of the melting process, electrodes are continuously consumed.

Throughout the conspiracy, customers of graphite electrodes experienced significant price increases which far out paced the rate of inflation. The victims of this conspiracy paid noncompetitive and higher prices for graphite electrodes used in their manufacturing process. Total sales of graphite electrodes in the United States are estimated at \$500 million for 1996 and more than \$1.75 billion during the term of the charged conspiracy.

“Our efforts targeting the international cartel in the graphite electrode industry have resulted in prosecutions yielding fines totaling nearly \$150 million to date,” said Gary R. Spratling, Deputy Assistant Attorney General in charge of the Antitrust Division’s Criminal Enforcement Section. “We will continue to pursue any entity, U.S. or foreign, involved in cartel activity that preys upon American businesses and consumers.”

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's Philadelphia Field Office and the Federal Bureau of Investigation in Philadelphia.

The statutory maximum fine for a corporation convicted of violating the Sherman Act is \$10 million. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

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